

IMPACT OF PROPOSED RETIREMENT CHANGES
ON FUTURE RETIREMENT ELIGIBLES

1. Annuity Adjustment for Retirement Prior to Age 65 (60 Years Old in the Case of CIARDS)

This amendment would permit voluntary retirement at 55 years of age with 30 years of service for CSR participants and 50 years of age with 20 years of service for CIARDS but imposes a 5% penalty for each year the individual is under the prescribed "phase year" non-reduced annuity age (i.e. age 56 in 1984 to 65 in 1993).

Exemptions:

- a. All current CSR participants who are already 55 years old or older and CIARDS participants at least 50 years old.
- b. All disability retirements.

Application:

All current participants who are under 55 (CSR) or 50 (CIARDS) regardless of length of service.

2. Increased Employee Deductions for Retirement

This proposal would increase employee deductions from 7% to 9% in 1984 and to 11% in 1985.

Exemptions:

None

Application:

All employees on the rolls on effective dates of increases.

3. Base Annuity Calculations on the Retirees Highest Five Years of Earnings, Instead of the Current Three Years

This proposal would return to the pre-1969 formula and would result in a lower base for annuity calculation.

Exemptions:

- a. All individuals now fully eligible to retire (i.e., 55 with 30 years in CSR or 50 with 20 in CIARDS.
- b. All individuals within three years of retirement eligibility (i.e., either age or service).

Application:

All individuals not now eligible to retire nor those not within three years of eligibility to retire.

4. Charts presented in Tabs A and B show the percentages of annuity benefit reductions of representational combinations of current (1983) employees and projected retirement when fully eligible.

5. Tabs C through F present typical examples of comparison CSR benefits under current provisions vis a vis proposed provisions.

Tabs G through J present typical comparisons for CIARDS eligibles.

CIVIL SERVICE RETIREMENT

IMPACT ON FUTURE EARLY RETIREMENT

REFERENCE: Proposals to Raise Voluntary Retirement Age Without Reduction of Annuity to Age 65 (Phased in Over 10 Year Period) with 5% Reduction of Annuity for Each Year Under Phase Year Age

ASSUMPTION: Enactment in 1983

YEAR	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
VOLUNTARY RETIREMENT AGE W/O REDUCTION	55	56	57	58	59	60	61	62	63	64	65
Age and Service in 1983											
55 w/30 ——— 0%											
54 w/29 ——— 5%											
53 w/28 ——— 10%											
52 w/27 ——— 15%											
51 w/26 ——— 20%											
50 w/25 ——— 25%											
49 w/24 ——— 30%											
48 w/23 ——— 35%											
47 w/22 ——— 40%											
46 w/21 ——— 45%											
45 w/20 ——— 50%											

NOTE: No reduction in annuity if retiree is at or older than "Phase Year" age.

C I A R D S

IMPACT ON FUTURE EARLY RETIREMENT

REFERENCE: Proposals to Raise Voluntary Retirement Age Without Reduction of Annuity to Age 60 (Phased in Over 10 Year Period) with 5% Reduction of Annuity for Each Year Under Phase Year Age.

ASSUMPTION: Enactment in 1983.

YEAR	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
VOLUNTARY RETIREMENT AGE W/O REDUCTION	50	51	52	53	54	55	56	57	58	59	60
Age and Service in 1983											
50 w/20 or more — 0%											
49 w/19 or more — 5%											
48 w/18 or more — 10%											
47 w/17 or more — 15%											
46 w/16 or more — 20%											
45 w/15 or more — 25%											
44 w/14 or more — 30%											
43 w/13 or more — 35%											
42 w/12 or more — 40%											
41 w/11 or more — 45%											
40 w/10 or more — 50%											

NOTE: No reduction in annuity if retiree is at or older than "Phase Year" age.

B

COMPARISONS OF RETIREMENT BENEFITS

CIVIL SERVICE
System

55 With 30 Years*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1983.

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	\$30,331 (GS-12/5)
High 5 Average:	Not Applicable	Not Applicable
Basic Annuity:	\$17,061 per year	\$17,061 per year
	\$ 1,421 per month	\$ 1,421 per month
Reduced Annuity For	\$15,624 per year	\$15,624 per year
Survivor Benefit:	\$ 1,302 per month	\$ 1,302 per month
Survivor Annuity	\$ 9,383 per year	\$ 9,383 per year
To Spouse:	\$ 781 per month	\$ 781 per month
Penalty for Early Retirement:	0%	0%

*Individual 55 years old with 30 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

CIVIL SERVICE
System

55 With 30 Years*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1984

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	\$30,331 (GS-12/5)
High 5 Average:	Not Applicable	Not Applicable **
Basic Annuity:	\$17,061 per year	\$16,231 per year
	\$ 1,421 per month	\$ 1,350 per month
Reduced Annuity For	\$15,624 per year	\$14,843 per year
Survivor Benefit:	\$ 1,302 per month	\$ 1,237 per month
Survivor Annuity	\$ 9,383 per year	\$ 8,914 per year
To Spouse:	\$ 781 per month	\$ 742 per month
Penalty for Early Retirement:	0%	5%

*Individual 54 with 29 years of serving in 1983.

**Individual is exempt (i.e. within 3 years of eligibility at enactment.)

COMPARISONS OF RETIREMENT BENEFITS

CIVIL SERVICE
System

55 With 30 Years*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1987

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	Not Applicable
High 5 Average:	Not Applicable	\$28,088 (GS-12/5)
Basic Annuity:	\$17,061 per year	\$12,639 per year
	\$ 1,421 per month	\$ 1,053 per month
Reduced Annuity For	\$15,624 per year	\$11,591 per year
Survivor Benefit:	\$ 1,302 per month	\$ 966 per year
Survivor Annuity	\$ 9,383 per year	\$ 6,951 per year
To Spouse:	\$ 781 per month	\$ 579 per month
Penalty for Early Retirement:	0%	20%

*Individual 51 years old with 26 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

CIVIL SERVICE
System

55 With 30 Years*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1993

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	Not Applicable
High 5 Average:	Not Applicable	\$28,088 (GS-12/5)
Basic Annuity:	\$17,061 per year \$ 1,421 per month	\$ 7,900 per year \$ 658 per month
Reduced Annuity For Survivor Benefit:	\$15,624 per year \$ 1,302 per month	\$ 7,245 per year \$ 604 per month
Survivor Annuity To Spouse:	\$ 9,383 per year \$ 781 per month	\$ 4,345 per year \$ 362 per month
Penalty for Early Retirement:	0%	50%

*Individual 45 years old with 19 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

C I A R D S

System

50 With 20 Years*

Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1983

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	\$30,331 (GS-12/5)
High 5 Average:	Not Applicable	Not Applicable Until 1987
Basic Annuity:	\$12,132 per year	\$12,132 per year
	\$ 1,011 per month	\$ 1,011 per month
Reduced Annuity For	\$11,188 per year	\$11,188 per year
Survivor Benefit:	\$ 932 per month	\$ 932 per month
Survivor Annuity	\$ 6,672 per year	\$ 6,672 per year
To Spouse:	\$ 556 per month	\$ 556 per month
Penalty for Early Retirement:	0%	0%

*Individual 50 years old with 20 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

C I A R D S

System

50 Years with 20 Years of Service*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1984

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	\$30,331 (GS-12/5)
High 5 Average:	Not Applicable	Not Applicable
Basic Annuity:	\$12,132 per year	\$11,526 per year
Reduced Annuity For	\$ 1,011 per month	\$ 960 per month
Survivor Benefit:	\$11,188 per year	\$10,629 per year
	\$ 932 per month	\$ 885 per month
Survivor Annuity	\$ 6,672 per year	\$ 6,338 per year
To Spouse:	\$ 556 per month	\$ 528 per month
Penalty for Early Retirement:	0%	5% (e.g. Age 51 minimum for non-reduced annuity.)

*Individual 49 years old with 19 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

C I A R D S

System

50 With 20 Years*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1987

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	Not Applicable
High 5 Average:	Not Applicable	\$28,088 (GS-12/5)
Basic Annuity:	\$12,132 per year	\$ 8,988 per year
	\$ 1,011 per month	\$ 749 per month
Reduced Annuity For	\$11,188 per year	\$ 8,305 per year
Survivor Benefit:	\$ 932 per month	\$ 692 per month
Survivor Annuity	\$ 6,672 per year	\$ 4,843 per year
To Spouse:	\$ 556 per month	\$ 411 per month
Penalty for Early Retirement:	0%	20% (e.g. Age 54 minimum for non-reduced annuity)

*Individual 46 years old with 16 years of service in 1983.

COMPARISONS OF RETIREMENT BENEFITS

C I A R D S

System

50 Years with 20 Years of Service*
Age and Years of Service

ASSUMPTION: Enactment in 1983 with Retirement in 1993.

	<u>Current Provisions</u>	<u>Proposed Provisions</u>
High 3 Average:	\$30,331 (GS-12/5)	Not Applicable
High 5 Average:	Not Applicable	\$28,088 (GS-12/5)
Basic Annuity:	\$12,132 per year	\$ 6,016 per year
Reduced Annuity For Survivor Benefit:	\$11,188 per year \$ 932 per month	\$ 5,594 per year \$ 466 per month
Survivor Annuity To Spouse:	\$ 6,672 per year \$ 556 per month	\$ 3,336 per year \$ 278 per month
Penalty for Early Retirement:	0%	50% (e.g. Age 60 minimum for non-reduced annuity.)

*Individual 40 years old with 10 years service in 1983.